



state senator
Jim Merritt

2006 LEGISLATIVE UPDATE

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Telecom Law Could Save Money on Cable Bills

While much of the discussion in this year's session centered on physical infrastructure like roads and bridges, the General Assembly made a historic change in its unseen infrastructure. Through reforms made in House Enrolled Act 1279, Indiana will see lower cable prices, increased competition and a wave of investment in the state.

Experts have called HEA 1279 the most aggressive telecommunications reform in the nation and say it will likely be a model that other states are sure to follow. The bill includes several provisions designed to give Hoosiers access to the best technology at a reasonable price. It contains two major provisions:

Statewide Video Franchising - Following the model used in Texas, HEA 1279 creates a streamlined process through which video providers (such as cable companies) can enter a market and compete for customers. Known as statewide video franchising, this process will result in more video competition and lower prices for consumers. Since September, when Texas statewide franchising went into effect, more 120 franchises have been granted to competing companies.

HEA 1279 will eliminate the current virtual monopoly of cable providers and give most Hoosiers a choice in video service. In February, Ball State University's Digital Policy Institute released a study saying Hoosiers could save a total of \$262 million on their cable bills annually as a result of new choices.

Telephone deregulation - A recent survey of CEOs in Site Selection Magazine showed that access to high-speed communications is the most important factor in drawing new business development to a particular state. HEA 1279 encourages telephone companies to deploy more high-speed Internet, called broadband, by gradually deregulating basic phone services if broadband is made available. Companies must be able to offer high speed Internet to 50 percent of households in any given exchange before they can raise rates in that exchange. Monthly basic rates may increase by only \$1 per year until 2009.

The new law also contains protection for low-income Hoosiers. HEA 1279 establishes the Indiana "Life Line" program that provides discounted telephone

rates to Hoosiers below 150 percent of the federal poverty level. This is a supplement to the federal program, which aids consumers with a household income below 135 percent of the federal poverty level. Consumers will also be protected through a ban on "local measured service," which is the practice of charging for local phone calls by the minute.

This legislation was a rare opportunity to create 20,000 new jobs and \$7 billion in investment in Indiana. And that is an opportunity that can't be passed up.



Senator Merritt discusses legislation with Senator Tom Weatherwax (R-Logansport).



SENATOR JIM MERRITT

serving district 31: Portions of Lawrence, Warren and Center townships in Marion County

2006 LEGISLATIVE UPDATE



Property Tax Dilemma:

Immediate Relief, Plan for Permanent Solution

Across the state, there is a strong desire to decrease local governments' reliance on property taxes, but there is a problem. In order to eliminate more than \$5 billion in revenue, we must find a new source of funding. This year, the Senate came up with a plan that would lower property taxes and replace that lost revenue with a more equitable tax. Unfortunately, the plan did not become law.

Statistics show that Indiana ranks among the worst in the nation in reliance on property taxes to fund local government. Indiana funds 89 percent of local government with property taxes. The national average is 78 percent and falling. That makes Indiana the 15th worst property tax state in the nation.

"I am pleased that we were able to help Hoosiers, but I am also hopeful that long-term relief will come in the very near future."

Also, Indiana is 14th worst in the nation in reliance upon property taxes in relation to sales and income tax. Property taxes provide 37.2 percent of income from "the big three" compared to national average of 32.4 percent and falling.

Property taxes, which are levied and collected by local — not state — government, fund local entities such as schools, libraries, and fire departments. It's no secret that the property tax is often unfair. It affects seniors, small business owners and farmers more than it affects people who can afford to pay the tax. The Senate plan

to permanently lower property taxes replaces the unfair property tax with a more equitable income tax.

Under the plan, local elected officials in each county would take two votes. The first, an incremental income tax increase estimated at less than one percent, would stop the growth of property taxes and freeze them at current levels. The second, an additional one percent, would actually lower property taxes by an average of 20 percent or more.

Instead of passing this long-term relief, the General Assembly this year approved \$100 million in immediate relief. This money will lower property tax increases this year, giving taxpayers a quick break. I am pleased that we were able to help Hoosiers, but I am also hopeful that long-term relief will come in the very near future.

In conclusion, I am glad that we were able to provide property tax relief this year. I hope, however, that next year we can implement the solution I explained here or a similar one to provide real, tangible, long-term property tax relief to Hoosiers.

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STUDENT NUTRITION

Children's health and nutrition is a growing concern for parents, doctors, and research organizations. According to the Executive Office of the President and the Department of Health and Human Services, the percentage of children who are overweight has doubled since 1980. Obese children are at a greater risk for developing high blood pressure, type 2 diabetes, and high cholesterol. Children's diet and fitness behaviors must be improved now to reduce the risks they face as adults.

In response to this problem, the General Assembly passed Senate Enrolled Act 111. The bill's goals are to improve nutrition at schools and increase students' physical activity. The bill makes several provisions regarding students' health and nutrition, including the establishment of a student health advisory council, nutritional requirements for foods and beverages, and daily physical activity for students.

The nutrition guidelines in the bill aim to offer better food and beverage choices for students by requiring that at least 50 percent of foods and beverages offered at the school qualify as "better choice" by meeting certain nutritional standards.

The legislation also establishes standards for physical activity. Each elementary school must provide daily physical activity for all students. The bill also requires school boards to establish a school health advisory council to create a wellness policy that complies with federal regulations. The advisory councils will make recommendations to school boards concerning children's health and nutrition.

Another portion of the bill makes school breakfast programs available at more schools. If a school has more than 15 percent of students that are eligible for free or reduced lunches, then the school must provide a breakfast program for students. School breakfast programs are funded by federal dollars, so no additional state money will be used.

The ultimate goal of this bill is to improve the general health of students. Developing good eating habits and physical exercise routines will help children learn how to lead a healthy lifestyle. It is imperative that we teach children these lessons so that they can grow into healthy adults. Healthier Hoosiers will increase the productivity of the state and improve their own quality of life.

MAJOR MOVES:

Taking Advantage of a Major Opportunity for Indiana

For years, Indiana has habitually approved almost any road project that is requested with a promise that it will get done "eventually." This resulted in \$2.8 billion of unfunded road projects across the state. With the passage of Major Moves, House Enrolled Act 1008, the General Assembly ensured the state's 10-year road plan will be funded, the Interstate 69 extension will get started, future generations will have money for roads and thousands of jobs will be created across the state.

The crux of the plan — leasing the Indiana Toll Road to private investors — drew attention, praise and criticism in the 10-week legislative session, but in the end, I believe the benefits of the deal outweighed any negatives that were mentioned.

The lease that was ratified through HEA 1008 was a \$3.8 billion agreement between the state and Statewide Mobility Partners (SMP), a Spanish-Australian consortium that operates toll roads all over the world. Supported by business leaders and unions alike, the \$3.8 billion lease and the interest it accrues will pay for the state's road projects, creating — according to some estimates — more than 130,000 jobs. An additional \$150 million will also be distributed to counties for local road projects.

In exchange for an up-front payment, SMP will operate and collect tolls from the Indiana Toll Road for 75 years. The consortium has also agreed to make improvements to the road — estimated at \$4.4 billion — and fund 25 additional State Troopers and a new state police post along the Interstate. The lease agreement and HEA 1008 dictate that SMP must meet federal standards on items such as

traffic flow and snow removal. Indiana also listed its own requirements for maintenance issues such as filling pot holes, removing dead animals, and taking care of other hazards.

In addition to the toll road portion of the law, HEA 1008 also addresses another major road: Interstate 69. The previous timeline for extending I-69 from Indianapolis to Evansville, set by previous administrations, had construction beginning in 2017. That is simply unworkable. Under HEA 1008, work on the long-awaited interstate could start as soon as 2008 and be completed by 2018. Under the plan, the governor could enter into a Public-Private Partnership (P3) to help build I-69 from Evansville to Martinsville as a toll road. However, tolls from Martinsville to Indianapolis must be approved by the legislature. Additionally, if the administration wants the north end of the road to remain in Perry Township in Indianapolis, the General Assembly must also give approval.

Another important part of the deal is a \$500 million Next Generation Trust Fund. Every five years, the state will take the interest the trust fund accrues and deposit it into the Major Moves construction fund. The initial \$500 million, however, will be protected and not spent.

As Governor Mitch Daniels has said, a top-tier economy requires a top-tier infrastructure. Indiana is striving to have an economy that is the envy of the nation, but we can't do so without a road system that also draws envy. Major Moves completes those goals, and I am proud to say I supported it.

MAJOR MOVES
PROJECTS IN OUR
AREA

Pendleton Pike from I-465 to
Post Road—\$16,415,735

I-70 from 0.6 East of Post Road
to 0.5 Miles East of Mt.
Comfort Road—\$46,620,000

I-465 from Allisonville Road to
I-69/SR 37—\$57,000,000

Numerous additional projects
along I-465 and I-69 on the
Northeast side of Indianapolis
exceeding \$200,000,000



Senator Merritt studies a bill during a committee meeting.

PROTECTING
OUR
COMMUNITIES

All too often we open up our newspaper and find an article about crime in our neighborhoods. We have an obligation to do anything we can to combat these criminals. Sadly, gangs have become a growing problem in Marion County. Part of this is due to weak penalties for gang activity and a loophole in the law. I recently authored a bill that passed the Senate unanimously that closes this loophole and will help us fight gangs in our neighborhoods.

I was proud to author Senate Enrolled Act 338 which creates a penalty for possessing fake government IDs. Under existing state law, simply possessing fraudulent identification documents such as Social Security cards, birth certificates and driver's licenses is not a crime. The lack of a penalty for producing or possessing these items encourages the manufacture and sale of them. This loophole also leaves Hoosiers more vulnerable to identity theft.

Also, this legislation calls for stricter penalties for those who are proven to have committed a crime on behalf of or in cooperation with a gang. In his "State of the Streets" address this year, Marion County Prosecutor Carl Brizzi pointed out that habitual criminals and gang members are being caught with fake IDs that police know they are using to commit crimes, but under current law they can do nothing about it. This bill corrects that lapse in our current law and gives our police officers the authority to arrest these criminals.

Finally, this bill gives prosecutors the tools they need to severely punish gang members by doubling the jail sentence for a person who



Senator Merritt discusses the bill with Marion County Prosecutor Carl Brizzi. They feel this legislation will help IPD and the Prosecutor's Office keep gangs off our streets.

commits a crime affiliated with a gang activity. This is in response to the recent increase in gang activity in Marion County. This increase demands that we take action before these activities continue any further. This additional penalty will help keep dangerous criminals off the street, prevent the spread of gang activity in our city and ultimately make our neighborhoods safer.

Representatives from the Marion County Prosecutor's Office and the Indianapolis Police Department worked closely with me on this bill. They are confident that this bill will give them another tool to take gang members off the streets and prevent street gangs from becoming an epidemic as they have in other cities in the country.

We must be proactive in our fight against gangs. We must make it clear that if they commit a crime in Indiana, they will be punished — severely.

REVERSE 911 SYSTEM WARNS HOOSIERS

On November 6, 2005, a tornado struck southwest Indiana, claiming the lives of 24 and injuring more than 200. Tornado warnings were issued by the national Weather Service 30 minutes before the storm, and tornado sirens went off in Vanderburgh county 10 minutes before touchdown, allowing some residents to reach safety. Unfortunately however, the warnings were mostly unheard, because it was the middle of the night when most people in the storm's path were asleep.

In an effort to provide Hoosiers with a more effective emergency notification system, Senate Enrolled Act 283, which passed both the Senate and House of Representatives unanimously, creates an emergency telephone notification system intended to warn Hoosiers of impending emergencies.

Better known as "Reverse 911," this auto-

mated system calls households and provides residents with a recorded message, notifying them of vital information regarding weather conditions or other emergencies. The recording will inform those in harm's way of what to do, expect or look for. The system will be able to target populations within specific geographic locations. For instance, in the case of a tornado, the system will call households only in the line of the storm.

This system is also effective in assisting emergency dispatchers in locating individuals who need assistance. In certain instances, callers may not be able to notify, or be willing to inform dispatchers of their location. The system will provide dispatchers with the exact



location of callers, enabling the dispatcher to send appropriate emergency assistance.

The money to pay for these services will come from existing 911 fees. Several counties across the state already have hundreds of thousands of dollars in 911 reserve funds that could be tapped in order to pay for a Reverse 911 system.

In 2005, North Dakota residents were notified via the Reverse 911 system of an escapee from the Richland County Jail near Fargo. With the assistance of residents who had a detailed description, law enforcement officials were able to capture the escaped inmate within 15 hours. Indiana residents deserve to have the same sense of safety. The safety of Indiana residents is imperative. The Reverse 911 will play a key role in helping communities come together to save lives.